

CITY OF KINGMAN
WORK SESSION MEETING OF THE COMMON COUNCIL
Council Chambers
310 N. 4th Street

8:00 A.M.

Minutes

Thursday, January 28, 2010

Members:	Officers:	Visitors Signing In:
J. Salem, Mayor	J. Kramer, City Manager	
J. Watson, Vice Mayor	C. Cooper, City Attorney	
K. Deering	R. Foreman, Recording Secretary	
R. Gordon	C. Osterman, Fire Chief	
R. Lyons	R. DeVries, Police Chief	
K. Walker	C. Loyd, Finance Director	
C. Young	G. Jeppson, Development Services Director	
	L. Dickens, Finance Administrator – Acct.	
	D. Richards, Budget Analyst	
	T. Ware, Finance Administrator - Utilities	
	G. Henry, Engineering	
	R. Owen, Public Works Director	
	D. Fruhwirth, Parks & Recreation Director	
	M. Heath, I.S. Administrator	
	J. Walker, HR/RM Director	

WORK SESSION MEETING OF THE COMMON COUNCIL

ALL WORK-SESSION ITEMS LISTED ARE FOR DISCUSSION ONLY. NO ACTION CAN OR WILL BE TAKEN. The primary purpose of work session meetings is to provide the City Council with the opportunity for in-depth discussion and study of specific subjects. Public comment is not provided for on the Agenda and may be made only as approved by consensus of the Council. In appropriate circumstances, a brief presentation may be permitted by a member of the public or another interested party on an Agenda item if invited by the Mayor or City Manager to do so. The Mayor may limit or end the time for such presentations.

CALL TO ORDER & ROLL CALL
PLEDGE OF ALLIGENCE

There was no Roll Call taken or Pledge of Allegiance recited.

Overview and discussion of proposed Capital Improvements Plan for fiscal year 2010 – 2011.

Mayor Salem opened the work session meeting and stated that this meeting is being held to review the Capital Improvements Plan and provide a financial update for FY 2010/2011.

Financial Director Coral Loyd stated that today's information is a financial update for the second quarter of fiscal year 2010. Ms. Loyd further stated that she will be providing an update regarding the State's budget proposal.

Ms. Loyd stated that the City of Kingman's local sales tax revenue collected through December was 3.59% below collections from this time last year. She went on to state that the good news is that the City budgeted for a decrease in the sales tax revenue and currently is even or 0.31% ahead of budget projections. Ms. Loyd stated that this time last year, in December, there was a much higher collection of revenue compared to this past December. Ms. Loyd stated that the state is holding payments that are due which is causing them to be out of compliance with their IGA. Ms. Loyd stated that over the last twelve months the City has a 4.81% decrease. Ms. Loyd further stated that the FY 09/10 revenue comparison of the budget to actual revenue at the end of the second quarter shows that room tax and driving range fees were higher than expected but overall the City is in line with the budget.

Ms. Loyd stated that expenditures by most city departments are at 50% of their available budgets through the second quarter. The Information Systems department is over budget due to the necessary purchase of software to replace the radio systems for the fire and police departments.

Ms. Loyd stated that the City's revenues versus expenses through the second quarter are remaining ahead overall and are in balance, except for the Streets/Highway User Revenue Fund (HURF). HURF is state funded and that funding has dropped dramatically.

Ms. Loyd stated that the State shared revenues and timing of remittance of revenues are inconsistent and are of concern due to cash flow issues with the state. Lack of resources in resolving non-compliance and corrections and remittances are not in compliance with the IGA for City Sales Tax. State budget proposals for state shared income tax will drop approximately \$800,000 in fiscal year 2011. HURF state funds will be flat or show a slight increase but may be redirected.

Mayor Salem asked Ms. Loyd to share with the television audience which City departments use General Fund monies. Ms. Loyd stated that the smaller users of the General Fund are the Mayor and Council, the City Attorney, the Court, the City Manager, ETDC, which currently has its own funding source, the City Clerk, Human Resources, Finance, Development Services, and Parks and Recreation. The two primary City departments who use the General Fund are Fire and Police which consume about fourteen million of the twenty-three million dollars in the General Fund. Ms. Loyd further stated that Streets, Water, Sewer, Sanitation, Information Systems, Fleet, Building, and Insurance are all in other funds; everything but internal services which is self-supporting because they charge other departments. The Street department uses a special fund which receives HURF monies.

Ms. Loyd stated that the Joint Legislative Budget Committee (JLBC) estimates an increase of 4% to 6% in state shared sales tax, but the Arizona Department of Revenue (ADOR) estimates a decrease of 7% to 10% in state shared sales tax. Ms. Loyd stated that she agrees with the ADOR that the state shared sales tax will remain constant or decrease.

Ms. Loyd stated that regarding next fiscal year's budget, the City of Kingman is prepared to present a balanced budget to Council at the April budget meeting. Kingman has maintained financial integrity with respect to fund balances and contingency funds. Ms. Loyd further stated the City will provide options if revenue streams change or legislative changes redirect revenue. Council options will include further service level reductions and options for revenue enhancements.

Mayor Salem stated that the budget revenue projections are very low and staff is being very conservative with them. Mayor Salem thanked Ms. Loyd and staff for their hard work on the budget.

Councilmember Lyons asked Ms. Loyd why the sales tax revenue for the past six months is up one month and down the next month. Ms. Loyd stated that it is due to the state being behind on processing sales tax revenues.

City Manager Jack Kramer stated that staff is looking into a firm to handle the processing of Kingman's sales tax revenue. It will be initially expensive but more efficient and accurate. Vice Mayor Watson stated that she would consider this option. Mr. Kramer stated that he would be meeting with Revenue Discovery Systems (RDS) next week and will have more information for Council after that meeting.

Mayor Salem asked what enforcement authority the City has in regards to businesses that are not in compliance. City Attorney Carl Cooper stated that the Finance department could hire an auditor; however there are several options under the Model City Tax Code and his office is exploring them at this time and will inform Council of those options at a later date. Mr. Kramer stated that enforcement will not address the state's problem.

Councilmember Young directed staff to contact Bullhead City to see how they handling their sales tax collections. Mr. Kramer stated that staff is in contact with Bullhead City; however, it is hard to get numbers from them at this time.

With no further discussion on the Financial Update, discussion turned to the Capital Improvements Plan (CIP).

Mr. Kramer asked Council to look at the Budget and Capital Improvements Plan calendar on page 4 of their draft copy of the Capital Improvements Plan book and check their calendars for any conflicts of interest. Councilmember Gordon stated that all of the dates are Council meeting dates except for April 12, 2010, which is a Work Session. Mr. Kramer stated that was correct.

Mr. Kramer stated that page 5 is the CIP Project Criteria. In order to be included within the CIP, a project should have an estimated annual aggregate cost of \$50,000 or more and have a useful life of three years or greater. In addition the project needs to satisfy at least one of the following:

- Protect the health and safety of the community and/or employees
- Improve the efficiency of services
- Preserve a previous capital investment made by the City of Kingman
- Reduce future operating costs or increase future operating revenues
- Value added benefit – contribute to “quality of life”

Once a project is included in the CIP, financing is analyzed using the following criteria:

- Debt Financed – Purchase of assets which have significant costs, provide a long-term benefit to the community, and are nonrecurring within a five year period are recommended for debt financing.
- Grant Financed – Purchase of assets may be partially or wholly funded by federal, state or local grants. Grant funds often require a “local match” or appropriation from local funds. The primary source of the local match is general fund revenue and the local share can range anywhere from 3% to 50% of the aggregate grant.
- Development Investment Fee Financed –
Water and Wastewater - the City currently has two development investment fee funds which are used to account for the revenues and capital expenditures associated with water and wastewater investment fees. In addition to these two funds, the City has the authority to appropriate funds from the Colorado River Water Fund for the development or expansion of Kingman's water resources. Capital expansion assets may be acquired or constructed using these funds as defined in the Municipal Utilities Regulations.
General Government - the City currently has general government investment fees for growth related capital projects including public safety capital expansion needs, streets, parks and recreation facilities, flood control and storm drainage projects, and construction or purchase of new municipal buildings or building expansions which are needed to provide municipal services to the community.
- Operating Budget Financed – Purchase of assets on a “pay-as-you-go” basis is recommended for assets of a lower dollar value per item and those recurring in nature.
- Other Financing – Funding from development agreements and other public-private partnering agreements are included in the other financing section for capital improvements.

Mr. Kramer stated that the City recently completed a Water and Sewer Revenue and Fee Study to analyze the impact of the CIP on rates and fees and to develop a long-term financing strategy. To date, several of the recommended revenue adjustments needed to fund capital improvement projects have been implemented with others still under review by Council.

Mr. Kramer stated that debt service is the payment of principal and interest and other financing costs associated with long-term financing of capital improvement. The City does not have any general obligation bonds outstanding. The most recent bonds are the 1994 Airway Avenue construction bonds that were paid in full on July 1, 2009.

Mr. Kramer stated that the City of Kingman was last reviewed by Fitch Ratings in February 2009 which can affirm that the City has an 'A+' credit rating.

Discussion and from Staff and Council on Major Projects that are in Development –

- **911 Software and Hardware is 48% complete**

Fire Chief Osterman stated that the purchase and installation of the Mobile Data Terminal (MDT) system has been integrated into the recently upgraded computer aided dispatch and records management system for communications between police and fire vehicles and dispatch. MDT computer upgrades for the Kingman Police Department vehicles and new installation of MDT's in the Kingman Fire Department response units. Chief Osterman stated that MDT's for police and fire vehicles will give field personnel access to the CAD system to aid in dispatch, vehicle location, and vehicle to vehicle communication, in addition to the ability to complete reports while still in the field. An integrated reverse 911 system will give the City the ability to issue timely automated and targeted community notification via telephone during emergencies.

- **Airway Avenue (Western/Stockton Hill Road), Acquired Right-Of-Way (ROW) from Ott & Baker, Need ROW Agreement with Walgreen's**

Mr. Kramer stated that Staff still needs to negotiate with Walgreen's for the additional ROW that is needed at the Walgreen's property on Stockton Hill Road to relocate Walgreen's drive through, parking, and signs. Mr. Kramer stated that the next step is to construct Airway Avenue to five lanes between Western and Stockton Hill Road for a length of 0.25 miles. Mr. Kramer stated that the land, ROW, design, and engineering cost of \$300,000 are in the 2011 budget, but this project is unfunded at this time. The construction portion on this project will cost \$2,000,000 and at this time is listed in the 2012 budget as unfunded.

Ms. Loyd stated that several of these capital improvements projects show a funding source but until approval from Council, will not move forward, whether the funding comes from a bond or another source.

Councilmember Gordon stated that even though this project is unfunded in next year's budget staff and Council need to work on developing a plan to obtain funding. Councilmember Gordon asked if impact fees can be used. Ms. Loyd stated that is a possibility; however, impact fees are limited and Council would need to choose which project or projects the impact fees would be used for.

- **Airway-Yavapai Traffic Signal is in Pre-Design**

Mr. Kramer stated that this project will construct a new traffic signal at the Yavapai Street and Airway Avenue intersection, which has met a warrant for a signal; the estimated cost is \$250,000. This signal would serve as an interim solution until the Lomalai Street and Airway Avenue intersection could be built.

The consensus from Council is to move forward with this project due to the location in relationship to the two schools and the new hospital, and they directed staff to use \$200,000 from impact fees to fund it.

- **Bank Street Reconstruction in Final Design**

There was no discussion.

- **Bank Street Sewer Extension is in Final Design**

There was no discussion.

- **Bull Mountain Drainage Channel is in ROW Acquisition, Initial Design**

There was no discussion.

- **Chestnut Sewer Line Relocation is in Final Design**

There was no discussion.

- **City Well 11 Tank/Pump/Motor/Booster; the Pump and Motor are Completed, the Tank is Under Construction, and the Booster is in the Final Design Phase**

There was no discussion.

- **Downtown Sewer Line Replacement is in Initial Design**

There was no discussion.

- **Downtown Wastewater Treatment Plant (DTWWTP) – Modifications are Planning Complete, FEMA Map Change Submitted and is in Initial Design**

Mr. Henry stated that the Technical Assistance Grant has been awarded for the preliminary planning and the design and construction have been proposed for the future WIFA loan and flood control funding. Approximately \$750,000 is to be expended on this project in FY 2010.

- **East Bench 24" Transmission Line is in Final Design**

Mr. Kramer stated that there is an adequate water supply to the East Bench.

- **Eastern Pathway is in Pre-Design**

Mr. Kramer stated this is still an ongoing project.

- **Gordon Drive Widening Project Propose Hiring a Design Consultant in March/April**

Mr. Kramer stated that this project includes the widening and reconstruction of 1.3 miles of Gordon Drive from east of the Safeway store on Stockton Hill Road to Bank Street. The improvements consist of vertical curb and gutter, 5-foot sidewalk, 3-foot bike lane and boulevard lighting along the south side of the roadway with four 12-foot wide travel lanes and a 3-foot paved section on the north side. Additional improvements include a traffic signal at the Willow Road intersection and miscellaneous drainage facilities.

- **Hill Top Wastewater Treatment Plant (HTWWTP) Upgrade & Expansion: the Construction is Ongoing and \$13,746,245 has been spent as of January 19, 2010**

Mr. Kramer stated that this project is on going.

- **Hualapai Mountain Road Traffic Signal is in Pre-Design Stage**

Mr. Henry stated that he has spoke with Bill Matunis, the President of Mohave State Bank, who had indicated to him that he was going to write a letter to Mr. Kramer stating he is willing to pay at least a quarter of the costs for this project if the intersection at Railroad Street is used for the traffic signal.

Mr. Kramer stated that Staff will move forward by contacting the surrounding property owners, move forward with the property design, and bring back to Council at the next budget meeting, with a design and/or a contingency plan. Council agreed.

- **Kingman Crossing Traffic Interchange is in Pre-Design Stage and the Change of Access Report (COAR) has been Approved**

Mr. Owen stated that the final design concept report and change of access report have been submitted.

- **Kingman Train Depot is in Final Design**

Mr. Kramer stated that the train depot final design is finished.

- **Powerhouse Improvements are in the Pre-Design Stage**

Mr. Owen stated that staff is working on the plan but does have a draft he can send to Council to look at.

- **Railroad Pathway Project is in ROW Acquisition**

Mr. Owen stated that this project has to start over due to Burlington Northern Santa Fe Railroad (BNSF) is under new management and has a new contact person. Mr. Owen will update staff and Council when he has something to report about this project.

- **Rattlesnake Wash TI Phase I is in the 60% Design Stage**

Mr. Kramer stated that this is the new Rancho Santa Fe Parkway and the project is at the 60% design stage.

- **Storage Tank Restoration is Under Construction**

There was no discussion.

Mr. Kramer stated that this would be a good time to discuss bonding issues if Council wishes.

Mayor Salem stated that at this time next year the City will have accumulated \$300,000 in funds due to the 2% bed tax increase which is allocated to capital improvements. Mayor Salem further stated that the money will buy the City 2 million dollars in capital.

Councilmember Young stated that she is concerned about improvements on Eastern Street. It is a dangerous road when it rains. Councilmember Young asked if this could be considered for a bond. Mr. Kramer replied that this is a bondable project.

Councilmember Gordon asked Mr. Kramer which of the projects are bondable projects. Ms. Loyd stated that Airway, Western, Stockton Hill Road, Gordon Drive, Kingman Crossing and Rattlesnake Wash are bondable projects. Mr. Kramer stated that all of the CIP projects are. Mr. Kramer further stated that if the state keeps cutting the City's funding the City may need to use the bed tax increase for the general fund.

Mr. Kramer stated that the projects completed in FY 2010 are –

- **Bank Street & Gordon Drive Traffic Signal**

Completed and operational.

- **Boosters for Rattlesnake Tank**

Completed.

- **Building Remodel – City Attorney Offices**

Completed; the other portion of this building, which will be the future Council Chambers, will not be completed at this time due to lack of funding.

- **Centennial Pool Filter Replacement**

Being completed.

- **Kingman Airport Tract/Banks Improvement District**

99% complete.

- **Mohave Channel – Willow to Gordon**

Completed and will be paid for this year

Mr. Kramer stated that pages 20, 21 and 22 contain the pre-projects list. Mr. Kramer stated that Council should look through this list and either reduce it or add to the list.

Councilmember Gordon asked for further discussion about the 911 Center. Councilmember Gordon stated that Council has already identified the current location as a large risk. She went on to ask what the options are for moving the 911 Center.

Councilmember Lyons stated that the 911 Center is an important issue but he wants to discuss the public safety issue regarding adding Fire Station #5 for the east side of Kingman. Chief Osterman stated that there is a parcel of land on Prospector that has been a part of past discussions; the City doesn't own that parcel but it has been put on reserve by the School District to be used for a fire station. Chief Osterman stated that the new fire station will cost 2.5 to 3 million dollars to build. Chief Osterman stated that there are several options to obtain the funding to build the new station. Chief Osterman stated that the problem right now is how the City is going to fund the personnel that are needed for the new station. Mayor Salem stated that he would like to have the new fire station #5 added to the pre-projects list as a priority even though it is not yet funded.

Mayor Salem stated that in response to Councilmember Gordon's question as to the current location of the 911 Center, he and Chief Osterman discussed two options; first, the new fire station could have the police substation center in their lobby and have it manned by a volunteer who would take public requests, and second, the 911 Center could obtain a IGA or a buy-in from the surrounding fire districts to share in the cost. Mayor Salem asked to have staff move forward and put together a meeting with all private and public agencies to which this would apply.

Council asked Staff to start a calendar for a General Obligation (GO) Bond for the November election to finance the new fire station and bring it back to Council for further discussion. Vice Mayor Watson stated that until the economy improves she doesn't want to ask the citizens of Kingman to put out any more money than necessary. Mayor Salem stated that staff should not do anything about putting together a GO Bond for the November election until the City knows what the state is going to do with revenues. Councilmember Gordon stated that staff should at least put together a calendar for review.

Chief Osterman stated that fire station #2 isn't in the budget but would like Council to propose ideas for its future. Councilmember Lyons asked Chief Osterman if the City owns the land that fire station #2 sits on. Chief Osterman replied that it does.

Vice Mayor Watson stated that Chief Osterman should have a public open house at fire station #2 and #4 and make the public aware of the City's plans for the new station #2 firehouse.

Councilmember Walker stated that he would like to see several possible locations for the 911 Center.

Councilmember Deering had to leave the Work Session Meeting early due to a prior commitment.

Vice Mayor Watson made a MOTION to ADJOURN. Councilmember Lyons SECONDED and it was APPROVED by a vote of 6 – 0.

ADJOURNMENT 10:08 A.M.

ATTEST:

APPROVED:

Deborah Francis
City Clerk

John Salem
Mayor

STATE OF ARIZONA)
COUNTY OF MOHAVE)ss:
CITY OF KINGMAN)

CERTIFICATE OF COUNCIL MINUTES

I, Robin Foreman, Recording Secretary of the City of Kingman, Arizona, hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Work Session Meeting of the Common Council of the City of Kingman held on January 28, 2010

Dated this 9th Day of February 2010

Robin Foreman Recording Secretary